

Housing Cost Reduction Initiative Program Manual

**DEPARTMENT OF ADMINISTRATION, DIVISION OF ENERGY, HOUSING, AND
COMMUNITY RESOURCES (DEHCR)**

February 2023

Contents

Introduction 1

I. General Overview.....2

II. HCRI Contract

- ◆ Guidelines 2
- ◆ Amendments 2
- ◆ Subcontracts/Cooperative Agreements..... 2
- ◆ Contract Compliance/Monitoring..... 3

III. Program Administration

- ◆ Recordkeeping 4
- ◆ Eligible Administrative Costs..... 6
- ◆ Ineligible Administrative Costs 6
- ◆ Eligible Capacity Building Costs..... 7
- ◆ Other Administrative Requirements

 - Procurement 7
 - Fee for Service 7
 - Conflict of Interest..... 7
 - HCRI Application Information..... 7
 - Lead-based Paint..... 8
 - Housing Inspection 9
 - Fair Housing 9

IV. Housing Assistance Program Requirements

- ◆ LMI Benefit 10
- ◆ Calculating Income 10
- ◆ Eligible Activities and Requirements 11
 - Homebuyer Assistance..... 11
 - Foreclosure Prevention 12
- ◆ Ineligible Payments..... 13
- ◆ Inspections 13
- ◆ Subordination 13
- ◆ Applicant Appeals 14
- ◆ Housing Assistance Applications 14

V. Financial Management

- ◆ Getting Started..... 16
- ◆ Requesting Funds..... 16
- ◆ Financial Records..... 16
- ◆ Treatment of Program Income 17
- ◆ Sample Request for Payment Form..... 18
- ◆ Quarterly Reports & Instructions 19
- ◆ Sample Quarterly Report Form 22

VI. Contract Closeout Report

- ◆ Contract Closeout Instructions 25

◆ Contract Closeout Form.....	26
VII. Audits	
◆ Audit Requirements	27
◆ Sample Audit Letter	28

Attachments:

1. Income Limits and Definition of Income	29
2. Request for Payment.....	33
3. Quarterly Report.....	34
4. MBE/WBE Form.....	37
5. Homebuyer Education Checklist	38
6. Sample Application Form.....	39
7. General Release	41

INTRODUCTION

This Program Manual is designed to assist grant award recipients manage the state-funded Housing Cost Reduction Initiative Homebuyer (HCRI) program. It was prepared by the Department of Administration, Division of Energy, Housing and Community Resources (DEHCR). The Manual contains the basic rules and procedures that apply to HCRI grantee recipients (Grantee). Upon notification by DEHCR that a grant has been awarded, the implementation process will begin.

The first step in managing a HCRI program is the development of a contract between DEHCR and the grantee. That contract is based upon the application submitted, the amount of the award, and additional information provided (e.g., a revised project timetable).

Department staff will monitor grantee performance. The monitoring will be based upon the standards contained in the Manual and details specified in the contract. In addition, DEHCR provides training and technical assistance for HCRI grantees.

Refer to your Program Manual for guidance or feel free to contact the HCRI Program Manager at (608) 267-9185.

This Manual may be revised as regulations and requirements change. You will be sent any changes as they may occur. Only the most recent edition of the HCRI Manual will contain the procedures in effect at any time. When you receive an update or a replacement of the Manual, please discard the old materials.

I. GENERAL OVERVIEW

The Housing Cost Reduction Initiative was created in 1989, by the Governor and the Wisconsin Legislature. The State set aside these funds to provide housing assistance to low- and moderate-income (LMI) households seeking to own decent, safe, affordable housing. The HCRI Program also provides foreclosure prevention assistance to eligible households. The Wisconsin Department of Administration, Division of Energy, Housing and Community Resources award these funds to eligible applicants (grantees) through a biennial funding cycle.

II. HCRI CONTRACT

General Content

The contract developed between DEHCR and a HCRI grant recipient will be based upon the application submitted by the grantee and the funds awarded. It will contain the contract accompanied with attachments relative to the scope of work, budget, source of funds, method of payment, reporting requirements and program rules.

Guidelines

The specific activities a grantee must undertake are delineated in the contract attachments. Only income-eligible (those at or below 80% of the county median income based on the most recent HUD HOME income limits) households may receive HCRI assistance.

The budget will list housing activity funds and administrative funds. The budget also lists the amount of Capacity Building match you have committed to the program.

Program income is repaid dollars which have a reuse designated in the HCRI contract. The common examples of program income are the repayment of home purchase assistance loans and interest earned on the HCRI funds while in the grant account.

Amendments

If major alterations in a HCRI contract are desired (e.g., an extension of time, a shift in budget amounts) a contract amendment is possible.

A request for a contract amendment must be submitted as a separate written document that details the contract number, the changes desired, and the reasons for the changes. If a time extension is desired, the request must be submitted at least 30 days prior to the contract expiration date.

Contact the HCRI Program Manager regarding a potential contract amendment request before actually writing the request letter. This will alert DEHCR that an amendment request is coming and discussion may clarify whether an amendment is really needed.

Subcontracts/Cooperative Agreements

If all or a portion of the HCRI contract will be administered by someone other than the grantee, a copy of the executed subcontract must be submitted to the HCRI Program Manager. This also applies to agreements entered into between lead agencies and cooperating agencies that will administer a portion of the HCRI funds.

All subcontracts/cooperative agreements must specify:

- The amount of housing and administrative funds involved;
- Scope of work listing HCRI activities;
- Timetable;
- Reporting responsibilities; and,
- Funding request responsibilities.

Contract Compliance/Monitoring

Grantees will be monitored at least once during the performance period of the contract. Grantees may be monitored on-site at the grantee's office or the grantee will be asked to submit files/documentation to DEHCR for a desk monitoring review.

III. PROGRAM ADMINISTRATION

Recordkeeping

Each grantee must establish a recordkeeping system which will document that it is appropriately using its allotted funds, in a timely manner, to carry out its contracted activities for the benefit of income-eligible households. These program records must be correct, complete and current.

The following is a list and brief description of the records that a grantee must maintain in order to document compliance with the regulations governing the administration of a HCRI award. The filing system is designed to provide the Department of Administration, auditors and local program staff with an easily maintained and readily accessible historical account of all activities that are scheduled to occur under the HCRI program contract. Records must be maintained for a period of three years following the submission of a final audit report.

There should be a separate set of files for each HCRI grant. However, it is not necessary to needlessly duplicate materials. A note in the file stating where the material is located is sufficient. An entire policy need not be copied and placed in a duplicate file.

The following file categories should be established and the items listed should be included in each file.

A. Application

1. Application and supporting materials.
2. Correspondence about the application.

B. Grant Contract

1. Department of Administration award letters.
2. Signed grant contract plus any amendments and correspondence concerning any grant conditions.
3. Copy of the Identification of Contract Administrator's sheet.

C. Subcontracts/Cooperation Agreements

1. Requests for Proposals (RFPs) seeking an outside provider to perform services related to the HCRI contract. (i.e., program administration, inspections, program audit, legal services.)
2. Copies of responses to the RFP and explanation of selection decision.
3. Subcontracts and other agreements executed by and between the contractor and outside providers.
4. Letters of cooperation/collaborative agreements from other agencies and organizations assisting with the HCRI program.

D. Program Procedures

1. Program procedures manual, including a local appeal procedure.
2. Description/instructions regarding assistance provided.
3. Set of forms/materials/brochures.

E. Financial Management

1. Requests for payment of HCRI funds including the details of how the projected costs were calculated.
2. Accounting books of original and final entry.
3. Source documentation (invoices, payroll, contracts, receipts, etc.)

4. Deposit slips, canceled checks, bank statements, etc.
5. Property acquisition and disposition register (if needed).
6. Documentation of local leverage.
7. Evidence of insurance, fidelity, or surety bonding.

F. Quarterly Reports

1. Copies of each progress report produced by the grantee and submitted to DEHCR.

G. Equal Opportunity/Fair Housing

1. Grantee's affirmative action plan.
2. Evidence of compliance with local AA plan.
3. Racial, ethnic, gender, age, income, handicap and familial status data showing the extent to which these categories of persons have participated in, or benefited from, the HCRI program.
4. Evidence of attempts to utilize small-business, women's business, and minority-business suppliers of goods and services.
5. Copy of local fair housing ordinance.

H. Monitoring

1. DEHCR monitoring reports, letters of findings and recommendations.
2. Responses to letters of findings.
3. Evidence clearing any monitoring findings.
4. Other monitoring-related correspondence.

I. Program Close-out/Audit

1. Contract Closeout Report submitted per contract.
2. Audit Reports.
3. Department of Administration Closeout Letter.

J. General Correspondence File

1. Incoming and outgoing correspondence that does not fall into one of the above categories or into the project file categories.

K. Individual Project/Program Beneficiary Files

An Individual Project file should be set up/maintained for each household which receives assistance. The list below is the minimum amount of information required for each benefiting household. HCRI grantees have found it helpful to use the list below as a check list, which is placed in each beneficiary folder, to assure that all the required documentation is available:

1. A completed application form: name, address, household size, and income, equal opportunity data, determination of need.
2. Release of information form - signed and dated by the applicant.
3. Income verification and eligibility calculation.
4. Evidence that the dwelling unit meets decent, safe, and sanitary or housing quality standards. Inspection reports must be dated and signed.
5. Receipt signed by applicant for booklet "Protect Your Family from Lead in Your Home".
6. A simple accounting record of HCRI assistance provided (how much, for what, how often, etc).
7. If assistance is in the form of a loan, there should be appropriate documentation: loan agreement/promissory note containing repayment terms, mortgage truth-in-lending

- statement, settlement statement, homeowner's insurance policy listing the grantee as mortgagee, proof of first mortgage and documentation of homeowner cash contribution.
8. If assistance is a grant, there should be a grant agreement signed by the recipient which states the amount of assistance, use (down payment, closing costs, security deposit, and utility payment), future eligibility, and other applicable terms.
 9. Record of other assistance provided - what type, when, by whom. For home purchase, copy of the signed settlement statement.
 10. Documentation that assisted household provided any required share of housing cost.
 11. Copies of agreements relating to assistance provided.
 12. Status at completion of assistance.
 13. Any follow up measures (e.g., the status of any loan repayments).

Eligible Administrative Costs

Each HCRI contract includes a budget line for administrative costs. The Administrative Code governing Housing Cost Grants and Loans defines "Administrative Cost" as any cost incurred by the grantee in the course of operating this program that is not directly expended for payments to or on behalf of participating households. No more than 15% of an award may be used by the grantee for administrative and housing-related counseling costs. Costs include:

1. Office rent only if other departments pay office rent to the grantee.
2. Salaries of employees spending documented time on the HCRI program. Time sheets signed by employee and authorized by a supervisor **MUST** be maintained to document hours worked.
3. Office equipment needed for HCRI program implementation. Grantees must have prior written approval from DEHCR to purchase equipment or computer software valued in excess of \$2,000. If a potential purchase exceeds \$2,000:
 - Grantee should submit a written request to the HCRI Program Manager itemizing the equipment/software, cost, and how the purchase will approve grantee's capacity to implement and manage the HCRI program. (Please include sales materials.)
 - HCRI Program Manager will respond in writing with either a request for additional information, denial or approval. If approval is given by DEHCR, grantee can utilize administrative funds for the equipment/software.

Ineligible Administrative Costs

HCRI administrative funds may NOT be used for:

1. Payments for activities not related to implementing the HCRI contract.
2. Payment for administrative expenses incurred before there is a signed contract or after the end of the contract performance period.
3. Administrative expenses incurred after the expiration date of the contract with the Department of Administration.
4. Refreshments for meetings.

Eligible Capacity Building Costs

Capacity building is an optional expenditure that the grantee may apply for to improve their ability to perform the services outlined in their contract. Capacity Building is awarded in addition to administrative funds, and the eligible expenditures are listed below:

- ◆ Training for staff (risk assessment, inspection, homebuyer education/counseling)
- ◆ Costs for translators or translation of materials to serve clients with limited English proficiency.
- ◆ Office equipment (Computer and associated software, internet access, printer, copier, fax, etc.)

Other Administrative Requirements

Procurement: Grantees must have a written procurement policy for securing services for grant administration, audit, and other fee-for-service items. If a grantee is securing program administrative services to be paid with HCRI Administrative funds; a Request for Proposal (RFP) process must be followed.

Fee for Service: Grantees charging a fee for services (e.g., inspection) must document that the charge is needed to cover program costs. If this is not done, the fee may be considered an offset of the HCRI administrative funds and repayment may be required.

Conflict of Interest: Grantees are responsible for compliance with State Statute 946.13 and ss. 19.59, Conflict of Interest.

Conflict of Interest Compliance Steps: The following are the steps to use to determine a potential conflict of interest:

1. Identify “covered persons” for your HCRI program.
2. Add conflict of interest questions to your HCRI application form.
3. Inform applicants with potential conflict of interest that their name will be disclosed at the loan approval committee meeting or via publication of a legal notice.
4. If loan/grant decisions are made by a committee:
 - Add “disclosure of potential conflicts of interest” as a standing item on your loan approval committee agenda. The item should be added to FOLLOW loan approvals.
 - Approve ALL loans by number and contingent on waiver of any potential conflict of interest.
 - After loans have been approved, disclose the names(s) and the nature of the conflict(s) of interest (type of family or business tie) for applicable approved loans. DO NOT disclose loan number or proposed work.
 - Ask all in attendance at the loan approval meeting if there are any objections to awarding the loan(s) in question.
5. If loan/grant decisions are made by the program administrator, not by committee:
 - Applicants must still be informed that their name will be made public.

- Publish an advertisement in the legal section of the local newspaper stating the nature of the conflict and providing an opportunity for public comment to be submitted to the program administrator.
6. Submit a "REQUEST FOR EXCEPTION TO CONFLICT OF INTEREST PROVISION". For local units of government, the request must be signed by your attorney and the agenda and minutes of the meeting submitted to the HCRI Program Manager, Department of Administration (DOA). The Grantee's attorney must certify that the identified potential conflict would not violate state or local law.

For agencies, the request submitted to DEHCR must be signed by the agency's program administrator, stating the nature of the conflict and why a waiver should be granted. A copy of the meeting minutes or Affidavit of Publication of Public Notice must also be included.

7. DO NOT sign any loan closing documents until you have received approval from the Department of Administration.

HCRI Application Information: The following question should be made a part of the initial loan application form.

Do you have family or business ties to any of the following persons? If **yes**, disclose the nature of the relationship.

(Insert a chart identifying the covered persons by name.*)

NAMES OF COVERED PERSONS	RELATIONSHIP

*Covered persons includes any person who is an employee, agent, consultant, officer, or elected or appointed official of the grantee who exercises, or have exercised, any functions or responsibilities with respect to the HCRI housing activities, or who are in a position to participate in a decision-making process or gain inside information with regard to housing activities, either for themselves or those with whom they have family or business ties, during their tenure in the position or for one year thereafter.

The definition of family includes:

- ◆ Spouse
- ◆ Domestic Partner
- ◆ Fiancée/Fiancé
- ◆ Children and Children-in-Law
- ◆ Brothers and brothers-in-law
- ◆ Sisters and sisters-in-law
- ◆ Parents and Parents-in-Law
- ◆ Anyone who receives more than 50% of their support from the covered person (e.g., adopted child, foster child)

Lead-based Paint: Provide each applicant with a copy of the pamphlet "Protect Your Family from Lead in Your Home". Place signed receipt in applicant file.

A copy of the Lead pamphlet may be obtained from: <https://www.epa.gov/lead/protect-your-family-lead-your-home-real-estate-disclosure>

Housing Inspection: Housing units to be occupied by households receiving HCRI assistance must be inspected to ensure that the premises are decent, safe, and sanitary. All inspections should include information on the condition of painted surfaces.

Fair Housing: The HCRI program is subject to Wisconsin Statutes 106.50 Open housing. This section of the Statutes addresses discrimination in housing. It is the declared policy of the state that all persons shall have an equal opportunity for housing regardless of sex, race, color, sexual orientation, disability, religion, national origin, marital status, family status, lawful source of income, age or ancestry. The state law includes the sale and rental of single-family residences.

For more information visit the Wisconsin Department of Workforce Development website which contains a list of protected classes:

[Wisconsin's Fair Housing Law & Complaint Process](#)

IV. HOUSING ASSISTANCE PROGRAM REQUIREMENTS

HCRI Program utilizes State funds to provide housing assistance to low- and moderate-income (LMI) households seeking to own decent, safe, affordable housing and to assist homeowners with foreclosure prevention. The purpose of this chapter is to establish some basic uniform guidelines.

LMI Benefit

All households directly benefiting from a HCRI Program must have an annual income that does not exceed 80% of the median income level for the county where the assistance is provided. Please refer to the Department of Administration's website every March/April to view the updated HCRI income limits. (HCRI Program utilizes the HUD HOME income limits - <http://www.doa.wi.gov/Divisions/Housing/Bureau-of-Affordable-Housing>)

Calculating Income

1. Annual Household Income Limits as established by the Department of Housing and Urban Development shall be used to define income eligibility for households receiving assistance from the HCRI program.
2. For the purpose of calculating income, the Annual Income definition shall be used (Attachment 1). HCRI does allow the following deduction: for households that have at least one member who is handicapped with recurring medical costs or support costs directly related to the handicap, the grantee shall deduct the amount by which those expenses exceed 3% of the household's monthly income from the household's monthly income for purposes of determining eligibility.
3. It is important to treat all applicants fairly and consistently when calculating income.
 - ◆ Income may be calculated by one of the following methods:
 - Projecting an applicant's income for the next 12 months based on verification of current income; **OR**,
 - Using the average income from the last 6 months and adding to it the projected income for the next 6 months based on current income information.

NOTE: One method must be chosen and used consistently for the duration of the HCRI contract.

- ◆ Income must be verified again if more than 6 months passes between initial verification of income and homebuyer assistance is provided.
- ◆ Grantees must verify income with applicants' employer. Whenever possible, the applicants' most recent tax return must be used to verify that all sources of income have been considered in the income calculation.
- ◆ Household size includes all full-time household members, foster children, and other minor children who reside in the household for more than 50% of the year.

Eligible Activities/Requirements:

Homebuyer Assistance

HCRI funds may be used for reasonable down payment and closing costs to enable a LMI household to purchase a home. HCRI funds may be used to pay eligible down payment and closing costs for new construction projects as well as existing housing units. Reasonable closing costs include:

Eligible Costs:

HCRI funds may be issued in the form of grants or loans to, or on behalf of, eligible households to pay any of the following costs associated with home purchase:

1. The principal and interest on a mortgage loan that finances the purchase of housing (including such things as down payments, land contract payments, chattel mortgage payments, real estate mortgage and deed of trust payments, and conditional sales contract payments for purchase of a manufactured home).
2. Closing costs and other costs associated with a mortgage loan (those costs normally paid by a buyer in a home purchase transaction, including such things as title search, buyer's portion of title insurance, loan origination fees, appraisal fees, points, legal fees, property inspections, credit reports, settlement and recording fees, and transfer charges).
3. Mortgage insurance.
4. Property insurance.
5. Utility-related costs (including costs related to power, heat, gas, light, water, and public or private sewerage, including deposit or hookup charges). This does not include cable television or telephone costs.
6. Property taxes.
7. Fees associated with limited-equity housing cooperatives (including membership fees, carrying charges, principal and interest, mortgage insurance, property insurance, utility-related costs, property taxes, and operating expenses).
8. Other costs approved by DEHCR.

A maximum may be imposed on the amount of closing costs paid based on the average local lending costs for similar type loans. Typically, HCRI funds should not be used for down payment and closing costs when the interest rate on the home purchase loan is 2% above the average local lending rate for similar type loans or the WHEDA rate. Loans should be structured to be affordable for LMI households.

Homebuyer loans (down payment and closing costs) are intended to be awarded ONLY to LMI buyers. Homebuyer loans may be awarded to LMI households currently owning a house only under exceptional situations. Grantees should notify the HCRI Program Manager before approving an exceptional situations.

Homebuyer Cash Contribution:

Homebuyer applicants must contribute a minimum cash contribution from the buyer's resources. The minimum contribution is:

≤50% County Median Income = \$500

≤80% County Median Income = \$1,000

The cash contribution may include items such as loan application fees, earnest money, and homebuyer's insurance. Self-help programs may include the homebuyer's sweat equity in lieu of actual cash down payment. Grantees may require a contribution higher than the minimum.

Homebuyer Education Requirement

Applicants in the Homebuyer Program must receive at least 6 hours of pre-purchase education in the following areas:

- ◆ Homebuyer Education
- ◆ Basics of the Home Purchase Process
- ◆ Budgeting

The program beneficiary file must contain verification of the items covered in the class. (See Homebuyer Education Checklist in Attachment 5).

Foreclosure Prevention

1. The principal and interest on a mortgage loan that finances the purchase of housing (including such things as down payments, land contract payments, chattel mortgage payments, real estate mortgage and deed of trust payments, and conditional sales contract payments for purchase of a manufactured home).
2. Closing costs and other costs associated with refinancing a mortgage loan (those costs normally paid by a buyer in a home purchase transaction, including such things as loan origination fees, appraisal fees, points, legal fees, property inspections, credit reports, settlement and recording fees).
3. Mortgage insurance, if paid in conjunction with principal and interest to bring homeowner current.
4. Property insurance, if paid in conjunction with principal and interest to bring homeowner current.
5. Property tax arrearages.
6. Fees associated with limited-equity housing cooperatives (including membership fees, carrying charges, principal and interest, mortgage insurance, property insurance, utility-related costs, property taxes, and operating expenses).
7. Other costs approved by the DEHCR.

Owner-occupied Foreclosure Prevention Counseling Requirement

One-time assistance may be given on behalf of an LMI homeowner to cover the eligible items above.

- a. Homeowner must receive foreclosure counseling including budget/credit counseling. Counseling must be provided by counselors that have been trained through NeighborWorks® America and/or HUD approved counseling agencies; any other training program must be approved by the HCRI Program Manager. For a listing of counselors visit: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=WJ> and click on "Counseling Agencies."

- b. Homeowner must have sufficient income to pay subsequent mortgage payments. At a minimum, the method for determining a homeowner's ability to pay subsequent mortgage payments, or a work-out arrangement, or budget/credit counseling is reviewing the following documents:
- ◆ Mortgage
 - ◆ HUD-1/Settlement Statement
 - ◆ Truth in Lending Statement
 - ◆ List of monthly bills
 - ◆ List of all outstanding debt (vehicles, student loans, credit cards, etc)
 - ◆ Recent paycheck stubs
 - ◆ All default letters and/or bankruptcy documents
- c. Homeowner must have a work-out plan/loan modification in place prior to payment of HCRI assistance.

Ineligible Payments

HCRI funds may not be used to:

- assist with purchase of property located in the 100 year flood-plain;
- provide assistance to a household that will live on premises that are not decent, safe, and sanitary;
- directly pay for development costs;
- pay for capital improvements to the housing unit;
- assist individuals who have assets sufficient to meet their own housing needs;
- pay the principal and interest on a construction loan or a rehabilitation loan;
- assist households who would be paying housing costs that are not reasonable in relation to housing costs currently being charged in the market area;
- assist individuals who, after receiving benefits under the HCRI program, would continue living in nursing homes, medical, psychiatric, or penal institutions.

Inspections

All homes purchased under the HCRI Program must be inspected to ensure that they are decent, safe, and sanitary. HCRI assistance cannot be provided to households who, after being assisted, will continue to live on premises that are not decent, safe, and sanitary. Items that would fail the minimum housing quality standard (HQS) must be brought into compliance within six months after closing. A copy of the signed and dated inspection form must be placed in each beneficiary file.

Subordination

The Grantee may elect to subordinate its HCRI homebuyer mortgage to another lender under the following conditions:

1. The funds resulting from the subordination will be used to:
 - ◆ Refinance an existing mortgage to obtain a reduced interest rate.
 - ◆ Refinance an existing mortgage to obtain a comparable interest rate and extended payment terms.
 - ◆ Obtain a home equity loan for the sole purpose of rehabilitating their primary residence.

- ◆ Refinance an existing mortgage as necessary to halt foreclosure proceedings by a bank or to halt tax deed proceedings by the county.
 - ◆ Obtain a home equity loan to pay for medical emergencies.
2. The Grantee will not consider requests to subordinate for “cash to homeowner” transactions. Subordination will not be awarded if it places the grantee’s security interest in jeopardy, as determined by standard underwriting practice, unless required to halt foreclosure or tax deed proceedings or to assist with medical emergencies.
 3. Homeowners who anticipate refinancing an existing loan and request that the grantee subordinate its mortgage position, must submit in writing the following information:
 - ◆ The reason for the subordination request.
 - ◆ The name, address, and contact person(s) at the cooperating financial institution.
 - ◆ The new mortgage amount that would take precedence over the grantee’s mortgage, including monthly payment and interest rate.
 - ◆ Copies of estimates for any rehab/construction work being completed.
 4. The subordination agreements must be drafted at the homeowner’s expense by the cooperating financial institution or legal counsel.
 5. The conditions for subordination must be included in the grantee’s policies and procedures.

Applicant Appeals

All applicants for HCRI loans must be notified in writing of their right to appeal. Grantee must have in place an appeal policy stating:

- ◆ Who appeals should be directed to--name, address, phone number;
- ◆ The appeal must be in writing;
- ◆ Must include the name of the program;
- ◆ Short summary of why the person is appealing the decision;
- ◆ Time period for filing (e.g., appeal must be filed within 15 days of receipt of denial by agency.);
- ◆ Time period in which agency will respond to appeal (e.g., HCRI grant administrator will review the decision and respond within 30 days.)

Housing Assistance Applications

All applications for assistance with HCRI funds must include at a minimum:

- ◆ Applicant’s name and current address
- ◆ Address (Address of unit being purchased if homebuyer activity)
- ◆ Number of children in the household and their ages
- ◆ Marital property statement:

No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to Sec. 766.587, Wis. Stats.), unilateral statement classifying income from separate

property under Sec. 766.59, or court decree under Sec. 766.70 adversely affects the creditor unless the creditor is furnished with a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.

- ◆ Racial, ethnic, and gender characteristics of the head of household – or option not to answer
- ◆ Conflict of Interest questions
- ◆ Release of Information

A signed and dated **Release of Information** form has to be obtained before household information is requested on income and employment. Please Note: If the grantee includes the request for information statement with the application, the applicant must sign or initial that statement *separately* to acknowledge that they have read and understand that information will be requested on sources of income.

See the Sample Application Form and General Release form in Attachment 6.

The Grantee will maintain a record of **all applicants for and beneficiaries of** HCRI funds.

V. FINANCIAL MANAGEMENT

Getting Started

Before grantees can request HCRI funds, the following must be completed:

- ◆ Have a fully executed contract between the Grantee and DEHCR.
- ◆ Open an interest-bearing checking account ("Grant Account") at a local bank OR establish a separate tracking system for HCRI funds deposited in a "general account."
- ◆ Complete the Identification of Contract Administrators form and submit to DEHCR.

Requesting Funds

HCRI funds may be drawn down as needed from DEHCR. You may request the amount of HCRI dollars which you will need to meet your projected disbursements for up to 90 days. The request should include amounts needed for all contracted activities. Administrative funds shall be drawn in proportion to housing project dollars committed.

Grantees should email a completed form entitled "Request for Payment - HCRI Funds" with signature for each payment request. DEHCR will also accept a mailed copy of a signed request. The requests for payment are routinely processed in a timely manner.

Incomplete data or failure to provide timely quarterly reports delay payment processing and/or result in the Request being returned to the grantee include:

- Requests For Payment forms which are not signed or are otherwise incomplete will delay your payment. If the request for payment is significantly inaccurate, the form will be returned to the grantee for completion.
- An attachment in the grant contract also contains a final amount that is retained by DEHCR.
- Until a final quarterly report is submitted. At the same time the final quarterly report is provided (not later than 30 days after the end of the contract performance period), you may submit a request for the final payment. On that final draw the "Check If Final Request" line in the upper right hand corner of the payment request form should be checked.

Financial Records

All grantees are required to establish adequate recordkeeping systems to track the use of grant funds by budget line. At a minimum, grantees must maintain the following financial records:

- ◆ HCRI Payment Requests: Maintain a copy of all requests for payment. Records must also document receipt and deposit of all HCRI payment requests.
- ◆ Cash Disbursements: Cash Disbursements must include the date, check number, and payee amount. This information must be supported with proper source documentation, including vouchers and invoices.

Grantees with concurrent contracts must maintain a separate record of cash disbursements for each contract.

- ◆ Leverage Funds: If the contract commits other public/private funds, the grantee must maintain records to document the amount, date, and purpose of the committed funds. Leverage funds

must be directly related to the housing activity(s) undertaken with HCRI funding or to contract administration.

- ◆ **Match Funds:** If the grantee's contract contains funds for Capacity Building, those funds must be matched 1:1 with other dollars being used for the same purpose. The grantee must maintain documentation of all funds claimed as match.

For homebuyer projects, a copy of all original security documents (mortgages, promissory notes, assistance agreements, etc.) should be on file.

Treatment of Program Income

Definition of Program Income:

Program Income includes the repaid dollars from all past HCRI grants, as well as repayments from the current grant. Program income also includes the interest earned on funds in the HCRI Grant Account. Only program income designated for homebuyer activities and program income from HCRI repaid dollars must be reported.

Grantee Compliance:

Grantees must maintain a record of all program income received and how it is disbursed. Reuse of program income funds is designated in the HCRI contract.

Program income in excess of \$50,000.00 must be expended in conjunction with the current contract. Up to 15 percent of program income dollars may be used for administrative cost on activities completed with program income.

When a contract is closed and there are no further active contracts it is expected that the HCRI program income will be expended in accordance with the contract requirements.

**HCRI REQUEST FOR PAYMENT
INSTRUCTIONS FOR COMPLETING/SUMMITTING PAYMENT REQUEST TO DEHCR**

Housing Cost Reduction Initiative (HCRI) Funds Department of Administration Division of Energy, Housing and Community Resources (DEHCR)									
Make Check Payable To:		<i>Grantee Name</i>				Contract Number: <i>HCRI ###-##</i>			
		<i>Street Address</i>				Contract Period: <i>Start Date</i> <i>End Date</i>			
		<i>City, State, Zip Code</i>				PO Number: <i>000000000</i>			
Person Completing this Form:						Request Date:			
Phone Number:						Amended Report?			
						Final Report?			
Contract Amount:		\$0.00		Start Next Report					
Category of Activity	Previous Request Number	Request Number	Activity/Admin Program Authorized Budget	HCRI Funds on Hand	Previously Invoiced	Current Invoice	Total Invoiced to Date	Activity/Admin Program Balance	
Administration	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Housing Assistance			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Capacity Building			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
TOTALS:			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
							Contract Amount Remaining to be Budgeted:		\$0.00
Certification:									
By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the State award. I am aware that any false, fictitious, or fraudulent, information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. I hereby certify that complete, accurate records are being kept to substantiate such expenses.						Grantee Representative			
						Name:			
						Title:			
						Date:			
EMAIL COMPLETED FORM TO: DOADEHCRFISCAL@WISCONSIN.GOV WITH A COPY TO YOUR PROGRAM MANAGER.						DEHCR Payment Authorization		Date Signed	
If requesting Capacity building, please attach documentation of eligible costs and match									

1. Budget Categories:

- a. Under the HCRI Budget heading enter the HCRI amount awarded for both Housing Assistance and Administration, as shown in the HCRI contract (the first column of HCRI Contract Attachment F Project Budget). *This will stay the constant during all quarters.*

- b. Under the Draws To Date enter the **total** amount of HCRI funds received by the end of the reporting quarter. List both Housing Assistance and Administration amounts.
- c. Under the Expenditures To Date heading enter the amount of HCRI funds spent for both Housing Assistance and Admin.
- d. Under the Balance On Hand heading enter the HCRI cash balance in your local grant account at the end of the reporting quarter. This may be a negative amount if the grantee has been advancing funds for program operation. (Balance on Hand = HCRI Draws to Date - Expenditures to Date.)

B. Program Income

Report Program Income received this quarter, expended this quarter and Balance on hand.

C. HCRI Assistance Provided

1. The first column lists eligible HCRI homebuyer or owner-occupied foreclosure expenses, including administrative costs associated with the assistance.
2. In the second column Expenditures This Quarter-Contract - show actual contract disbursements for the reporting quarter itemized by activity. This amount should include ongoing payments for households first reported in a previous quarter.
3. In the third column Expenditures This Quarter-Program Income - show actual disbursements for this reporting quarter that has been paid using program income itemized by activity.

D. Leverage

1. Funds Received this Quarter: Enter the amount of leverage used with HCRI funding for the reporting quarter. Distinguish whether the source of leverage funds is public or private. Examples of each are:
 - ◆ Public funds are those received from other government sources (e.g., CDBG, HOME, and CSBG).
 - ◆ Private funds include lender first-mortgage financing, FHLB-AHP funds, private donations, foundation grants.

E. Capacity Building

Capacity building matched funds, requires an overall 1:1 match.

F. MBE/WBE

Please indicate whether you contracted for services with any minority or women-owned businesses (MBE/WBE) during the reporting quarter. If contracts were signed with an MBE/WBE during the quarter submit the MBE/WBE form.

The MBE/WBE form can be found in Appendix 4.

II. BENEFICIARIES DATA (by County)

Enter the County Name. Each county must be listed separately. This page may be copied if more space is needed for additional counties.

A. Housing Assistance

1. NEWLY ASSISTED THIS QUARTER: Enter number of newly assisted households (not individuals) during the reporting quarter with contractual funds. The information should be categorized by income level and activity type. Homebuyers should be provided assistance only once, at the time they are purchasing the home; they should not be receiving continuous assistance from quarter-to-quarter.
2. ASSISTANCE AMOUNT THIS QUARTER. Enter the total dollar amount of HCRI contract funds **disbursed during this reporting quarter** categorized by income level and activity type. The total amount should equal the total amount entered under Expenditures This Quarter minus any administrative expenses. **Do not Include Program Income.**
3. PROGRAM INCOME-NEWLY ASSISTED THIS QUARTER. Enter the number of newly assisted households during this reporting quarter with Program Income. The information should be categorized by income level and activity type.

NOTE: If a household was assisted with both contract and program income funds, DO NOT count them in the Program Income column - this prevents double counting.

A comprehensive Beneficiary Data table is at the end of Section II of the quarterly reports. The table is labeled "Total" and is located beneath the county data on page 2. This extra table should summarize all households assisted per quarter by income level, activity type, and funding source and should restate the numbers shown on page 1.

This is simply a way to ensure that your numbers match the beneficiary data by COUNTY (page 2) to the beneficiary data by DEMOGRAPHIC (page 3), and that your expenditures add up to the totals on the "I. Financial Statement" section of page 1.

All items must balance otherwise payment will be delayed. If the quarterly report does not balance, it will be sent back to you to make the changes and resubmit.

III. BENEFICIARY DEMOGRAPHIC CHARACTERISTICS

- ◆ Enter the contract number.
- ◆ Please provide data on the households assisted during the reporting period in contract or program income respectively.
- ◆ Race and Demographic codes have not been changed.
- ◆ **The total households by race must equal the total households by County.**

IV. COMMENTS

Grantees can include comments/information on problems encountered in implementing the HCRI program and/or successes the program is experiencing.

Quarterly Reports may be submitted to the HCRI Program Manager via e-mail (PDF or WORD) at DOADOHHHRHCRI@wisconsin.gov, or U.S. mail: HCRI Program Manager, Department of Administration, P.O. Box 7970, Madison, WI 53707-7970.

HOUSING COST REDUCTION INITIATIVE PROGRAM
QUARTERLY REPORT FORM

GRANTEE: XYZ CAP, Inc	Contact Person: Jane Doe
	Phone number: 608-555-5555
Contract # 12.99	REPORTING QUARTER (end date): 9/30/2013
	Report Prepared by: Jane Doe
	Report Reviewed by: Sally Smith

I. FINANCIAL STATEMENT

A. CONTRACT FUNDS:

BUDGET CATEGORIES		HCRI DRAWS TO DATE	EXPENDITURES TO DATE	BALANCE ON HAND
Housing Assistance	\$100,000	\$14,000	\$20,500	(\$6,500)
Foreclosure Prevention	\$50,000	\$16,000	\$18,500	(\$2,500)
Administration	\$22,500	\$5,000	\$7,000	(\$2,000)
Capacity Building				
TOTAL	\$172,500	\$35,000	\$46,000	(\$11,000)

B. PROGRAM INCOME FUNDS

Received this Quarter \$0	Expended this Quarter \$6,000	Balance on Hand \$1,500
------------------------------	----------------------------------	----------------------------

C. HCRI ASSISTANCE PROVIDED	CONTRACT EXPENDITURES THIS QUARTER	PROGRAM INCOME EXPENDITURES THIS QUARTER	D. Leverage	
Down Payment/Closing	\$8,000	\$6,000	Private/Public funds used this Quarter:	
Property Insurance	\$500		Private	\$20,000
Mortgage Principal/Interest	\$8,000		Public	\$0
Property Taxes	\$2,000			
Buyer Utility Fee	\$0		E. Match: Capacity Building	
Other: List _____	\$0			\$0
Administration	\$1,000		F. MBE/WBE	
Capacity Building	\$0		Were any contracts issued to MBE/WBE contractors/subcontractors this quarter?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
TOTAL	\$19,500			

DEHCR USE ONLY: Approved By: _____ Date: _____			
CAPER number: _____		Date: _____ Initials: _____	

HCRI QUARTERLY REPORT

II. BENEFICIARIES DATA (BY COUNTY)

CONTRACT # 12.99

COUNTY NAME: Dane

	NEWLY ASSISTED THIS QUARTER (UNITS)		ASSISTANCE AMOUNT THIS QUARTER (\$\$)		PROGRAM INCOME -NEWLY ASSISTED THIS QUARTER WITH (UNITS)	
	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>
HOUSEHOLD 0-30% CMI					1	
HOUSEHOLD 31-50% CMI		2		\$3000	1	
HOUSEHOLD 51-80% CMI	4		\$6000			
TOTAL	4	4	\$6000	\$3000	2	

COUNTY NAME: Sauk

	NEWLY ASSISTED THIS QUARTER (UNITS)		ASSISTANCE AMOUNT THIS QUARTER (\$\$)		PROGRAM INCOME -NEWLY ASSISTED THIS QUARTER WITH (UNITS)	
	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>
HOUSEHOLD 0-30% CMI		1		\$2000		
HOUSEHOLD 31-50% CMI	1		\$1500			
HOUSEHOLD 51-80% CMI	2	2	\$2000	\$4000		
TOTAL	3	3	\$3500	\$6000		

TOTAL

	NEWLY ASSISTED THIS QUARTER (UNITS)		ASSISTANCE AMOUNT THIS QUARTER (\$\$)		PROGRAM INCOME -NEWLY ASSISTED THIS QUARTER WITH (UNITS)	
	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>
HOUSEHOLD 0-30% CMI		1		\$2000	1	
HOUSEHOLD 31-50% CMI	1	2	\$1500	\$3000	1	
HOUSEHOLD 51-80% CMI	6	2	\$8000	\$4000		
TOTAL	7	5	\$9500	\$9000	2	

HCRI QUARTERLY REPORT

III. BENEFICIARY DEMOGRAPHIC CHARACTERISTICS

CONTRACT: 12.99

I. PROGRAM BENEFICIARY DATA FOR REPORTING QUARTER - CONTRACT																		
ACTIVITY	FAITH-BASED*	RACE**										DEMOGRAPHIC/ETHNIC DATA***						
		A	B	C	D	E	F	G	H	I	J	FHOH	PD	E	HM	SP/CH	LF	H
Homebuyer	1	3	1	2							1	2	2	1		2	3	1
Foreclosure		4									1	2		1		1		

II. PROGRAM BENEFICIARY DATA FOR REPORTING QUARTER - PROGRAM INCOME																		
ACTIVITY	FAITH-BASED*	RACE**										DEMOGRAPHIC/ETHNIC DATA***						
		A	B	C	D	E	F	G	H	I	J	FHOH	PD	E	HM	SP/CH	LF	H
Homebuyer		1	1										1			1		
Foreclosure																		

*If Contract and Program Income funds are both used, ONLY count the Beneficiary Data in the CONTRACT line(s).

RACE**		DEMOGRAPHIC/ETHNIC DATA***
A – White	F – American Indian/Alaskan Native & White	FHOH – Female Head of Household
B – Asian	G – Black/African American & White	PD – Households with Persons with Disabilities
C – Black/African American	H – Asian & White	E – Elderly (>62)
D – American Indian/Alaskan Native	I – American Indian/Alaskan Native & Black/African American	HM – Homeless Prevention (Foreclosure, Eviction Prevention)
E – Native Hawaiian/Other Pacific Islander	J – Other Multi-racial	SP/CH – Single Parent w/Children
		LF – Families with ≥4 Minor Children
		H – Hispanic (Should also indicate race)

IV. Comments

Please note here if a unit was assisted with BOTH Contractual and Program Income funds.

VII. CONTRACT CLOSEOUT REPORT

An original signed copy of the closeout report is due to DEHCR not later than 30 days after the end of the contract period. Another signed copy should be retained and placed in the local Program Closeout file.

A HCRI contract may close out before its scheduled completion date if all costs to be paid with HCRI funds have been incurred and all HCRI contract requirements have been met.

HCRI Contract Closeout Form Instructions:

The HCRI Contract Closeout Form is submitted by all HCRI grantees to Department of Administration. (See HCRI Contract Attachments)

DEHCR will review, sign the Contract Closeout Form and return a copy to the grantee.

Line-by-line instructions:

Line 1: Enter the grantee name as it appears in the HCRI contract.

Line 2: Enter the HCRI contract number as it appears in the contract.

Line 3: Enter the performance period as it appears in Attachment B of the contract. Be sure to include any amendments or extensions to the contract.

Line 4: Complete the chart as follows:

Column A: Enter the HCRI contract budget amounts as stated in the contract.

Column B: Enter the amount of HCRI activity and supportive funds paid out during the contract period.

Column C: Enter any HCRI funds that are being held for payments incurred but not paid pending performance. Example: "Unsettled Third Party Claim" may be an amount set aside to pay an auditor.

Column D: Enter the amount of HCRI program income/recouped HCRI funds utilized for activities and/or supportive funds under the contract.

Line 5: Briefly explain the nature of the third party claim listed in Column C.

Line 6: The completed form is signed and dated by the grantee's chief executive officer.

**HOUSING COST REDUCTION INITIATIVE HOMEBUYER
CONTRACT CLOSEOUT FORM**

1. NAME OF GRANTEE _____

2. CONTRACT #: _____

3. PERFORMANCE PERIOD _____ TO _____

4. FINAL EXPENDITURE STATEMENT

To be Completed by Grantee				
	A. HCRI Contract Amount	B. HCRI Funds Disbursed	C. Unsettled Third Party Claims (if applicable)	D. HCRI Program Income Disbursed
Activity Funds	\$	\$	\$	\$
Administrative Funds	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

5. UNSETTLED THIRD-PARTY CLAIMS NARRATIVE

--

6. CERTIFICATION OF GRANTEE

It is hereby certified that all activities undertaken by the Grantee with funds provided under the contract identified in 2. above, have, to the best of my knowledge, been carried out during the contract performance period in accordance with the contract and the WI Statutes, Chapter Adm 88 and 89 of the WI Administrative Code; that proper provision has been made by the Grantee for the payment of all unpaid costs and unsettled third-party claims identified in 4.C. above; and that every statement and amount set forth in this instrument is, to the best of my knowledge, true and correct as of this date.

Date	Typed Name and Title of Grantee's Chief Executive Officer	Signature of Grantee's Chief Executive Officer
	Name:	
	Title:	

7. DEPARTMENT OF ADMINISTRATION APPROVAL

Date	Typed Name and Title of Authorized Official	Signature of Authorized Official
	Name:	
	Title:	

VIII. AUDITS

The Audit requirements for the HCRI program are identified in the contract and the State Single Audit Guidelines issued by the Department of Administration. Grantees that expend \$100,000 or more in a single year from awards which funding originated from State Government sources shall have a certified annual audit performed utilizing Generally Accepted Accounting Principles, Generally Accepted Auditing Standards and Government Auditing Standards. Audit reports are due to the Department within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. Review the Department's Single Audit Compliance Supplement for details on submission of the reporting package.

If a combined total of less than \$100,000 in State funds is expended in a year, the single audit requirement does not apply. A confirmation of non-requirement must be provided to the Department of Administration (See Audit Sample Letter).

Audit reports should be emailed as a text searchable, unsecured PDF file to DOADOASSingleAuditCoordinator@wisconsin.gov. Any questions or comments on the State Single Audit Guidelines should be directed to the DOAS Single Audit Coordinator.

AUDIT - SAMPLE LETTER

AGENCY'S LETTERHEAD

DATE

Single Audit Coordinator
Wisconsin Department of Administration
PO Box 7869
Madison, WI 53707-7869

Dear Sir or Madam:

(Agency Name) received less than \$100,000 in Federal and/or State awards in *(agency fiscal year)*. It is exempt from the requirements of Article 29 of HCRI Contract # _____ in *(agency fiscal year)*.

If you have any questions, please call me at *(agency phone number)*.

Sincerely,

Name
Title of Grantee's Chief Executive Officer

Attachment 1

DEFINITION OF INCOME

HUD Household Income Limits

<http://www.doa.wi.gov/Divisions/Housing/Bureau-of-Affordable-Housing>

NOTE: The HCRI Program utilizes 24 CFR Part 5 Subpart F as established by the Department of Housing and Urban Development to define income eligibility for households receiving HCRI assistance.

24 CFR Part 5 Subpart F Sec. 5.609 Annual income.

(a) Annual income means all amounts, monetary or not, which:

- (1) Go to, or on behalf of, the family head or spouse (even if temporarily absent) or to any other family member; or
- (2) Are anticipated to be received from a source outside the family during the 12-month period following admission or annual reexamination effective date; and
- (3) Are not specifically excluded in paragraph (c) of this section.
- (4) Annual income also means amounts derived (during the 12-month period) from assets to which any member of the family has access.

(b) Annual income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- (2) The net income from the operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
- (3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from all net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;
- (4) The full amount of periodic amounts received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic amount (except as provided in paragraph (c)(14) of this section);
- (5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (except as provided in paragraph (c)(3) of this section);
- (6) Welfare assistance. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the

actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus

(ii) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph (b)(6)(ii) shall be the amount resulting from one application of the percentage;

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (except as provided in paragraph (c)(7) of this section).

(c) Annual income does not include the following:

(1) Income from employment of children (including foster children) under the age of 18 years;

(2) Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the tenant family, who are unable to live alone);

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (except as provided in paragraph (b)(5) of this section);

(4) Amounts received by the family that is specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(5) Income of a live-in aide, as defined in Sec. 5.403;

(6) The full amount of student financial assistance paid directly to the student or to the educational institution;

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(8) (i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the PHA or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No resident may receive more than one such stipend during the same period of time;

(v) Incremental earnings and benefits resulting to any family member from participation in qualifying State or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program;

(9) Temporary, nonrecurring or sporadic income (including gifts);

- (10) Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;
- (11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);
- (12) Adoption assistance payments in excess of \$480 per adopted child;
- (13) For public housing only:
 - (i) The earnings and benefits to any family member resulting from the participation in a program providing employment training and supportive services in accordance with the Family Support Act of 1988, section 22 of the 1937 Act (42 U.S.C. 1437t), or any comparable Federal, State, or local law during the exclusion period.
 - (ii) For purposes of this paragraph, the following definitions apply:
 - (A) Comparable Federal, State or local law means a program providing employment training and supportive services that--
 - (1) Is authorized by a Federal, State or local law;
 - (2) Is funded by the Federal, State or local government;
 - (3) Is operated or administered by a public agency; and
 - (4) Has as its objective to assist participants in acquiring employment skills.
 - (B) Exclusion period means the period during which the family member participates in a program described in this section, plus 18 months from the date the family member begins the first job acquired by the family member after completion of such program that is not funded by public housing assistance under the 1937 Act. If the family member is terminated from employment with good cause, the exclusion period shall end.
 - (C) Earnings and benefits mean the incremental earnings and benefits resulting from a qualifying employment training program or subsequent job;
- (14) Deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
- (15) Amounts received by the family in the form of refunds or rebates under State or local law for property taxes paid on the dwelling unit;
- (16) Amounts paid by a State agency to a family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or
- (17) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply. A notice will be published in the Federal Register and distributed to PHAs and housing owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

(d) For public housing only.

In addition to the exclusions from annual income covered in paragraph (c) of this section, a PHA may adopt additional exclusions for earned income pursuant to an established written policy.

- (1) In establishing such a policy, a PHA must adopt one or more of the following types of earned income exclusions, including variations thereof:

- (i) Exclude all or part of the family's earned income;
 - (ii) Apply the exclusion only to new sources of earned income or only to increases in earned income;
 - (iii) Apply the exclusion to the earned income of the head, the spouse, or any other family member age 18 or older;
 - (iv) Apply the exclusion only to the earned income of persons other than the primary earner;
 - (v) Apply the exclusion to applicants, newly admitted families, existing tenants, or persons joining the family;
 - (vi) Make the exclusion temporary or permanent, for the PHA, the family, or the affected family member;
 - (vii) Make the exclusion graduated, so that more earned income is excluded at first and less earned income is excluded after a period of time;
 - (viii) Exclude any or all of the costs that are incurred in order to go to work but are not compensated, such as the cost of special tools, equipment, or clothing;
 - (ix) Exclude any or all of the costs that result from earning income, such as social security taxes or other items that are withheld in payroll deductions;
 - (x) Exclude any portion of the earned income that is not available to meet the family's own needs, such as amounts that are paid to someone outside the family for alimony or child support; and
 - (xi) Exclude any portion of the earned income that is necessary to replace benefits lost because a family member becomes employed, such as amounts that the family pays for medical costs or to obtain medical insurance.
- (2) Any amounts that are excluded from annual income under this paragraph (d) may not also be deducted in determining adjusted income, as defined in Sec. 5.611.
- (3) Housing agencies do not need HUD approval to adopt optional earned income exclusions.
- (4) In the calculation of Performance Funding System operating subsidy eligibility, housing agencies will have to absorb any loss in rental income that results from the adoption of any of the optional earned income exclusions discussed in paragraph (d)(1) of this section, including any variations of the listed options.
- (e) If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period may be annualized, subject to a redetermination at the end of the shorter period.**

Attachment 2

REQUEST FOR PAYMENT HOUSING COST REDUCTION INITIATIVE (HCRI) FUNDS

Housing Cost Reduction Initiative (HCRI) Funds Department of Administration Division of Energy, Housing and Community Resources (DEHCR)													
Make Check Payable To:		<i>Grantee Name</i>				Contract Number: <i>HCRI ###-###</i>							
		<i>Street Address</i>				Contract Period: <i>Start Date</i> <i>End Date</i>							
		<i>City, State, Zip Code</i>				PO Number: <i>000000000</i>							
Person Completing this Form:						Request Date:							
Phone Number:						Amended Report?							
						Final Report?							
								Start Next Report					
Contract Amount:		\$0.00											
Category of Activity	Previous Request Number	Request Number	Activity/Admin Program Authorized Budget	HCRI Funds on Hand	Previously Invoiced	Current Invoice	Total Invoiced to Date	Activity/Admin Program Balance					
Administration	0	0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
Housing Assistance			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
Capacity Building			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
TOTALS:			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00					
							Contract Amount Remaining to be Budgeted:		\$0.00				
Certification:													
By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the State award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. I hereby certify that complete, accurate records are being kept to substantiate such expenses.						Grantee Representative							
						Name:							
						Title:							
						Date:							
EMAIL COMPLETED FORM TO: DOADEHCRFISCAL@WISCONSIN.GOV WITH A COPY TO YOUR PROGRAM MANAGER.						DEHCR Payment Authorization		Date Signed					
If requesting Capacity building, please attach documentation of eligible costs and match													

Attachment 3

Blank Quarterly Report
HOUSING COST REDUCTION INITIATIVE PROGRAM
 QUARTERLY REPORT FORM

GRANTEE:	Contact Person:
	Phone number:
Contract #	REPORTING QUARTER (end date):
	Report Prepared by:
	Report Reviewed by:

I. FINANCIAL STATEMENT

A. <u>CONTRACT FUNDS:</u>			
BUDGET CATEGORIES	HCRI DRAWS TO DATE	EXPENDITURES TO DATE	BALANCE ON HAND
Housing Assistance			
Foreclosure Prevention			
Administration			
Capacity Building			
TOTAL			

B. <u>PROGRAM INCOME FUNDS</u>		
Received this Quarter	Expended this Quarter	Balance on Hand

C. <u>HCRI ASSISTANCE PROVIDED</u>	<u>CONTRACT EXPENDITURES THIS QUARTER</u>	<u>PROGRAM INCOME EXPENDITURES THIS QUARTER</u>	D. Leverage
Down Payment/Closing			Leverage Used with HCRI Funds this Quarter:
Property Insurance			Private
Mortgage Principal/Interest			Public
Property Taxes			
Buyer Utility Fee			E. Match: Building Capacity
Other: List _____			
Administration			F. MBE/WBE
Capacity Building			Were any contracts issued to MBE/WBE contractors/subcontractors this quarter? Yes <input type="checkbox"/>
			No <input type="checkbox"/>
TOTAL			

DEHCR USE ONLY: Approved By: _____ Date: _____

HCRI QUARTERLY REPORT

II. BENEFICIARIES DATA (BY COUNTY)

CONTRACT: _____

COUNTY NAME: _____

	NEWLY ASSISTED THIS QUARTER (UNITS)		ASSISTANCE AMOUNT THIS QUARTER (\$\$)		PROGRAM INCOME -NEWLY ASSISTED THIS QUARTER WITH (UNITS)	
	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>
HOUSEHOLD 0-30% CMI						
HOUSEHOLD 31-50% CMI						
HOUSEHOLD 51-80% CMI						
TOTAL						

COUNTY NAME: _____

	NEWLY ASSISTED THIS QUARTER (UNITS)		ASSISTANCE AMOUNT THIS QUARTER (\$\$)		PROGRAM INCOME -NEWLY ASSISTED THIS QUARTER WITH (UNITS)	
	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>
HOUSEHOLD 0-30% CMI						
HOUSEHOLD 31-50% CMI						
HOUSEHOLD 51-80% CMI						
TOTAL						

TOTAL

	NEWLY ASSISTED THIS QUARTER (UNITS)		ASSISTANCE AMOUNT THIS QUARTER (\$\$)		PROGRAM INCOME -NEWLY ASSISTED THIS QUARTER WITH (UNITS)	
	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>	<i>Homebuyer</i>	<i>Foreclosure</i>
HOUSEHOLD 0-30% CMI						
HOUSEHOLD 31-50% CMI						
HOUSEHOLD 51-80% CMI						
TOTAL						

HCRI QUARTERLY REPORT

III. BENEFICIARY DEMOGRAPHIC CHARACTERISTICS

CONTRACT: _____

III. PROGRAM BENEFICIARY DATA FOR REPORTING QUARTER - CONTRACT																		
ACTIVITY	FAITH-BASED*	RACE**										DEMOGRAPHIC/ETHNIC DATA***						
		A	B	C	D	E	F	G	H	I	J	FHOH	PD	E	HM	SP/CH	LF	H
Homebuyer																		
Foreclosure																		

IV. PROGRAM BENEFICIARY DATA FOR REPORTING QUARTER - PROGRAM INCOME																		
ACTIVITY	FAITH-BASED*	RACE**										DEMOGRAPHIC/ETHNIC DATA***						
		A	B	C	D	E	F	G	H	I	J	FHOH	PD	E	HM	SP/CH	LF	H
Homebuyer																		
Foreclosure																		

*If Contract and Program Income funds are both used, ONLY count the Beneficiary Data in the CONTRACT line(s).

RACE**		DEMOGRAPHIC/ETHNIC DATA***
A – White	F – American Indian/Alaskan Native & White	FHOH – Female Head of Household
B – Asian	G – Black/African American & White	PD – Households with Persons with Disabilities
C – Black/African American	H – Asian & White	E – Elderly (>62)
D – American Indian/Alaskan Native	I – American Indian/Alaskan Native & Black/African American	HM – Homeless Prevention (Foreclosure, Eviction Prevention)
E – Native Hawaiian/Other Pacific Islander	J – Other Multi-racial	SP/CH – Single Parent w/Children
		LF – Families with ≥4 Minor Children
		H – Hispanic (Should also indicate race)

IV. Comments

Attachment 4

MBE/WBE Form

MBE/WBE REPORT HCRI PROGRAM

Program Name _____

Grantee: _____

Contract # _____

MBE/WBE Contract Amount	Type of Trade	Contractor/ Subcontractor Business		Woman Owned Business (Yes or No)	Contractor/ Subcontractor Identification Number (FEIN)	Contractor/Subcontractor Name and Address
		Race	Ethnic Code			

This report is to be filed with a HCRI grantee's Quarterly Report when a minority business enterprise (MBE) or a women's business enterprise (WBE) is involved with the HCRI activity.

MBE/WBE Contract Amount: Put in whole dollar amount of the MBE/WBE contract.

Type of Trade:

- | | |
|---|---|
| <ul style="list-style-type: none"> 1 – New Construction 2 – Substantial Rehab 3 – Repair 4 – Service 5 – Project Management | <ul style="list-style-type: none"> 6 – Professional 7 – Tenant Services 8 – Education/Training 9 – Architectural/Engineering Appraisal 10 – Other |
|---|---|

Contractor/Subcontractor Business Racial Code:

- | | |
|---|--|
| <ul style="list-style-type: none"> A – White B – Black/African American C – Asian D – American Indian/Alaskan Native E – Native Hawaiian/Other Pacific Islander | <ul style="list-style-type: none"> F – American Indian/Alaskan Native & White G – Asian & White H – Black/African American & White I – American Indian/Alaskan Native & Black/African American J – Balance/Other |
|---|--|

Ethnic Code:

- K** – Hispanic
- L** – Hasidic Jew

Women Owned Business:

- Y** = Yes
- N** = No

Contractor Identification Number

Enter the Federal Employer Identification Number (FEIN)

Contractor/Subcontractor Name and Address

Enter the full business name of the contractor/subcontractor; also enter the mailing address, indicating if this is a contractor or subcontractor

- C** = Contractor
- S** = Subcontractor

Example (for a contractor):

C – ABC Construction
 PO Box 1234, Somewhere, WI 54444-1234

Attachment 5

Homebuyer Education Checklist

HOMEBUYER EDUCATION CHECKLIST

Items covered:

- _____ Personal and financial advantages of homeownership: rent vs. buy.
- _____ Basic terms of the real estate transaction, explanation of disclosures; e.g., Good Faith Estimate of Closing Costs, Truth-in-lending disclosure, Settlement Statement.
- _____ Selecting a real estate broker, lender, attorney.
- _____ Fair Housing Laws as they relate to borrower's rights to disclosure in a lending transaction.
- _____ The purchase process; i.e., writing an offer, counter offers, inspection requirements, contingencies, closing documents.
- _____ Insurance needs; e.g., homeowner's insurance, flood insurance, life insurance.
- _____ Budget for future home maintenance.
- _____ Review of payment affordability including PITI and how it may change annually; e.g., due to increased real estate taxes.
- _____ Calculation of cash needed to purchase: application fees, inspection fees, insurance, cash to close costs, reserves.
- _____ Explanation of private mortgage insurance.
- _____ Signature.

Attachment 6

Sample Application Form & General Release Form

HOUSING COST REDUCTION INITIATIVE APPLICATION

Date Received _____
(For Office Use Only)

Applicant(s) Name _____

Telephone Number: _____ / _____ (home) _____ / _____ (work)

Address: _____
(Street Address)

_____ (City/Village/Town) (State) (Zip Code)

Mailing Address: _____
(if different) (Street Address)

_____ (City/Village/Town) (State) (Zip Code)

Total number of people living in the home (including Applicant): _____

INCOME

Please list below all persons who live in your household. List the incomes of all persons 18 years of age or older. Income includes, but is not necessarily limited to, income from all gross wages, salaries, commissions; net income from self-employment, net income from the operation of real property; interest and dividend income; Social Security, SSI, pensions, AFDC, alimony, child support, and other benefit income.

If you are uncertain about including something as income, please list it below and the housing department will advise you about it.

Name	Relationship to Applicant	Source of Income	Monthly Gross Income

HOMEBUYER ONLY:

Have you found a house you wish to purchase?

Yes. Address _____
 No

If No, what is the timeframe within which you would like to acquire a home? _____

Name of financial institution through which home would be financed? _____

Are you pre-approved for a loan?

Yes. Amount: \$ _____
 No

Amount of money your household can contribute toward the downpayment on a home: \$ _____

CONFLICT OF INTEREST

Do you have family or business ties to any of the following people? If **yes**, disclose the nature of the relationship.

Names of covered persons	Relationship

No provision of a marital property agreement (including a Statutory Individual Property Agreement pursuant to Sec. 766.587, Wis. Stats.), unilateral statement classifying income from separate property under Sec. 766.59, or court decree under Sec. 766.70 adversely affects the creditor unless the creditor is furnished with a copy of the document prior to the credit transaction or has actual knowledge of its adverse provisions at the time the obligation is incurred.

I certify that the information in this application is correct and accurate to the best of my knowledge.

Signature of Applicant Date

Signature of Applicant Date

You are not required to answer the questions below. If you choose not to answer them, please check this box.

Age of Applicant: _____

Racial/Ethnic Background, Check One:

- | | | |
|---|--|---|
| <input type="checkbox"/> White | <input type="checkbox"/> American Indian/Alaskan Native & White | Hispanic: <input type="checkbox"/> Yes
<input type="checkbox"/> No |
| <input type="checkbox"/> Black/African American | <input type="checkbox"/> Asian & White | |
| <input type="checkbox"/> Asian | <input type="checkbox"/> Black/African American & White | |
| <input type="checkbox"/> American Indian/Alaskan Native | <input type="checkbox"/> American Indian/Alaskan Native & Black/African American | |
| <input type="checkbox"/> Native Hawaiian/Other Pacific Islander | <input type="checkbox"/> Balance/Other | |

SAMPLE GENERAL RELEASE OF INFORMATION

To Whom It May Concern:

I/We have applied for a loan and hereby authorize you to release to the Village of Grantville the requested information listed below:

1. Previous and past employment history including employer, period employed, title of position, income, and hours worked.
2. Disability payments, social security, and pension funds.
3. Any information deemed necessary in connection with a consumer credit report or a real estate transaction.

This information will be for the confidential use of the Village of Grantville in determining my/our eligibility for a mortgage loan or to confirm information I/we have supplied. Please complete the attached verification request.

A photo or fax copy of this document may be deemed to be the equivalent of the original and may be used as a duplicate original. The original signed release of information form will be kept on record with the Village of Grantville.

Last, First, M.I.

Last, First, M.I.

Social Security #

Social Security #

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

Signature Date

Signature Date

NOTICE TO BORROWERS: This notice to you is required by the Right to Financial Privacy Act of 1978. The Wisconsin Department of Administration has a right of access to financial records held by financial institutions in connection with the consideration or administration of HCRI assistance to you. Financial records involving your transaction will be available to Wisconsin Department of Administration without further notice or authorization but will not be disclosed or released by this institution to another government agency without your consent except as required by law.